



# HEALTH QUARTERLY STATEMENT

AS OF MARCH 31, 2002  
OF THE CONDITION AND AFFAIRS OF THE

## Cape Health Plan, Inc.

NAIC Group Code	0000 <small>(Current Period)</small>	0000 <small>(Prior Period)</small>	NAIC Company Code	95759	Employer's ID Number	38-2455176	
Organized under the Laws of	Michigan					State of Domicile or Port of Entry	Michigan
Country of Domicile	United States of America						
Licensed as business type:	Life, Accident & Health [ ]      Property/Casualty [ ]      Dental Service Corporation [ ] Vision Service Corporation [ ]      Other [ ]      Health Maintenance Organization [ X ] Hospital, Medical & Dental Service or Indemnity [ ]      Is HMO, Federally Qualified? Yes [ ] No [ X ]						
Incorporated	04/29/1982		Commenced Business	04/29/1982			
Statutory Home Office	26711 Northwestern Highway, Suite 300 <small>(Street and Number)</small>			Southfield, MI 48034 <small>(City or Town, State and Zip Code)</small>			
Main Administrative Office	26711 Northwestern Highway, Suite 300 <small>(Street and Number)</small> Southfield, MI 48034 <small>(City or Town, State and Zip Code)</small>						
				248-386-3000 <small>(Area Code) (Telephone Number)</small>			
Mail Address	26711 Northwestern Highway, Suite 300 <small>(Street and Number or P.O. Box)</small>			Southfield, MI 48034 <small>(City or Town, State and Zip Code)</small>			
Primary Location of Books and Records	26711 Northwestern Highway, Suite 300 <small>(Street and Number)</small> Southfield, MI 48034 <small>(City or Town, State and Zip Code)</small>						
				248-386-3003 <small>(Area Code) (Telephone Number)</small>			
Internet Website Address	www.capehealth.com						
Statement Contact	THOMAS ASHFORD MURAR <small>(Name)</small> tmurar@capehealth.com <small>(E-mail Address)</small>			248-386-3003 <small>(Area Code) (Telephone Number) (Extension)</small> 248-945-9149 <small>(FAX Number)</small>			
Policyowner Relations Contact	26711 NORTHWESTERN HIGHWAY, SUITE 300 <small>(Street and Number)</small> SOUTHFILED, MI 48034 <small>(City or Town, State and Zip Code)</small>						
				248-386-3003 <small>(Area Code) (Telephone Number) (Extension)</small>			

### OFFICERS

President	Nancy Wanchik	Treasurer	Ralph Woronoff
Secretary	William Brodhead		

### VICE PRESIDENTS

Murar Thomas	Michele Lundberg	Myla Johnson
Rodger Prong		

### DIRECTORS OR TRUSTEES

Myra French	Ralph Woronoff	Surjit Bhasin MD
Lynette Burns	Etrude Bryant	Shirley Lightsey
Thomas Murar	Sue Sarin	Gladys Taylor
Janis Coleman	Nancy Wanchik	William Brodhead

State of Michigan } ss  
County of Macomb }

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Nancy Wanchik President & COO	Susan Sarin Chief Executive Officer	Thomas Murar Chief Financial Officer
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Subscribed and sworn to before me this  
06 day of May, 2002

Linda Rusie  
Notary Public  
March 26, 2003



ASSETS

	Current Period			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	4 Net Admitted Assets
1. Bonds .....	1,004,000		1,004,000	1,189,000
2. Stocks:				
2.1 Preferred stocks .....				
2.2 Common stocks .....				
3. Mortgage loans on real estate:				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances).....			(a)	
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....				
4.3 Properties held for sale (less \$ ..... encumbrances) .....				
5. Cash (\$ .....19,792,319 ) and short-term investments (\$ ..... ) .....	19,792,319		19,792,319	19,540,349
6. Other long-term invested assets .....				
7. Receivable for securities .....				
8. Aggregate write-ins for invested assets .....	3,125		3,125	3,125
9. Subtotals, cash and invested assets (Lines 1 to 8) .....	20,799,444		20,799,444	20,732,474
10. Accident and health premiums due and unpaid .....				
11. Health care receivables .....	611,089		611,089	1,403,159
12. Amounts recoverable from reinsurers .....				
13. Net adjustment in assets and liabilities due to foreign exchange rates .....				
14. Investment income due and accrued .....				
15. Amounts due from parent, subsidiaries and affiliates .....				
16. Amounts receivable relating to uninsured accident and health plans .....				
17. Furniture and equipment .....	288,177		288,177	300,192
18. Amounts due from agents .....				
19. Federal and foreign income tax recoverable and interest thereon (including \$ ..... net deferred tax asset) .....				
20. Electronic data processing equipment and software.....	479,999	44,424	435,575	303,984
21. Other nonadmitted assets .....	1,249,650	1,249,650	0	0
22. Aggregate write-ins for other than invested assets .....	71,410		71,410	74,322
23. Total assets (Lines 9 plus 10 through 22)	23,499,769	1,294,074	22,205,695	22,814,131
DETAILS OF WRITE-INS				
0801. Security Deposit.....	3,125		3,125	3,125
0802. ....				
0803. ....				
0898. Summary of remaining write-ins for Line 8 from overflow page .....				
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)	3,125		3,125	3,125
2201. Employee Loan.....	600		600	296
2202. Leasehold Improvement.....	70,810		70,810	74,026
2203. ....				
2298. Summary of remaining write-ins for Line 22 from overflow page .....				
2299. Totals (Lines 2201 thru 2203 plus 2298) (Line 22 above)	71,410		71,410	74,322

(a) \$ ..... health care delivery assets included in Line 4.1, Column 3

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ ..... reinsurance ceded)	11,533,288		11,533,288	12,080,208
2. Accrued medical incentive pool and bonus payments .....	497,239		497,239	496,369
3. Unpaid claims adjustment expenses .....				
4. Aggregate policy reserves .....				
5. Aggregate claim reserves .....				
6. Premiums received in advance .....				
7. General expenses due or accrued .....	2,217,212		2,217,212	2,199,537
8. Federal and foreign income tax payable and interest thereon (including \$ ..... on realized capital gains (losses) (including \$ ..... net deferred tax liability) .....				
9. Amounts withheld or retained for the account of others .....				
10. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current) .....				
11. Amounts due to parent, subsidiaries and affiliates .....				
12. Payable for securities .....				
13. Funds held under reinsurance treaties with (\$ ..... authorized reinsurers and \$ ..... unauthorized reinsurers) .....				
14. Reinsurance in unauthorized companies .....				
15. Net adjustments in assets and liabilities due to foreign exchange rates .....				
16. Liability for amounts held under uninsured accident and health plans .....				
17. Aggregate write-ins for other liabilities (including \$ ..... current) .....	262,011		262,011	557,409
18 Total liabilities (Lines 1 to 17).....	14,509,750		14,509,750	15,333,523
19. Common capital stock .....	XXX	XXX	1,000	1,000
20 Preferred capital stock .....	XXX	XXX		
21. Gross paid in and contributed surplus .....	XXX	XXX		
22. Surplus notes .....	XXX	XXX		
23. Aggregate write-ins for other than special surplus funds .....	XXX	XXX		
24. Unassigned funds (surplus) .....	XXX	XXX	7,694,945	7,479,608
25. Less treasury stock, at cost:				
25.1 .....shares common (value included in Line 19) \$ ..... ) .....	XXX	XXX		
25.2 .....shares preferred (value included in Line 20) \$ ..... ) .....	XXX	XXX		
26. Total capital and surplus (Lines 19 to 25) .....	XXX	XXX	7,695,945	7,480,608
27. Total liabilities, capital and surplus (Lines 18 and 26)	XXX	XXX	22,205,695	22,814,131
DETAILS OF WRITE-INS				
1701. Accrued Salaries and Wages.....	77,505		77,505	158,081
1702. Accrued PTO.....	111,530		111,530	111,530
1703. Deferred Income Taxes.....	27,976		27,976	27,976
1798. Summary of remaining write-ins for Line 17 from overflow page .....	45,000		45,000	259,822
1799. Totals (Lines 1701 thru 1703 plus 1798) (Line 17 above)	262,011		262,011	557,409
2301. ....	XXX	XXX		
2302. ....	XXX	XXX		
2303. ....	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page .....	XXX	XXX		
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX		

STATEMENT OF REVENUE AND EXPENSES

	Current Year to Date		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	134,218	481,875
2. Net premium income .....	XXX	23,152,888	88,118,476
3. Change in unearned premium reserves and reserve for rate credits .....	XXX		
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX		
5. Risk revenue .....	XXX		
6. Aggregate write-ins for other health care related revenues .....	XXX		
7. Total revenues (Lines 2 to 6) .....	XXX	23,152,888	88,118,476
Medical and Hospital:			
8. Hospital/medical benefits .....		12,567,500	48,277,959
9. Other professional services .....		2,961,069	12,524,128
10. Outside referrals .....			
11. Emergency room and out-of-area .....		1,482,005	4,200,999
12. Prescription drugs .....		2,477,460	7,556,624
13. Aggregate write-ins for other medical and hospital .....		366,506	1,136,483
14. Incentive pool and withhold adjustments .....		150,000	480,000
15. Subtotal (Lines 8 to 14) .....		20,004,540	74,176,193
Less:			
16. Net reinsurance recoveries .....			
17. Total medical and hospital (Lines 15 minus 16) .....		20,004,540	74,176,193
18. Claims adjustment expenses .....		(13,894)	(143,317)
19. General administrative expenses.....		2,626,740	11,108,761
20. Increase in reserves for accident and health contracts .....			
21. Total underwriting deductions (Lines 17 through 20) .....		22,617,386	85,141,637
22. Net underwriting gain or (loss) (Lines 7 minus 21) .....	XXX	535,502	2,976,839
23. Net investment income earned .....		98,430	888,375
24. Net realized capital gains or (losses) .....			
25. Net investment gains or (losses) (Lines 23 plus 24) .....		98,430	888,375
26. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )] .....			
27. Aggregate write-ins for other income or expenses .....			(423,561)
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27) .....		633,932	3,441,653
29. Federal and foreign income taxes incurred .....	XXX	215,603	1,198,885
30. Net income (loss) (Lines 28 minus 29) .....	XXX	418,329	2,242,768
DETAILS OF WRITE-INS			
0601. ....	XXX		
0602. ....	XXX		
0603. ....	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX		
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above) .....	XXX		
1301. Emergency & Non-Emergency Transportation.....	0	366,506	1,136,483
1302. ....			
1303. ....			
1398. Summary of remaining write-ins for Line 13 from overflow page .....			
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above) .....		366,506	1,136,483
2701. Disposition of Fixed Assets.....			(423,561)
2702. ....			0
2703. ....			
2798. Summary of remaining write-ins for Line 27 from overflow page .....			
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above) .....			(423,561)

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year to Date	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
31. Capital and surplus prior reporting period .....	7,480,608	9,672,729
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
32. Net income or (loss) from Line 30 .....	418,329	2,242,768
33. Change in valuation basis of aggregate policy and claim reserves .....		
34. Net unrealized capital gains and losses .....		
35. Change in net unrealized foreign exchange capital gain or (loss) .....		
36. Change in net deferred income tax .....		
37. Change in nonadmitted assets .....	(202,992)	(434,889)
38. Change in unauthorized reinsurance .....		
39. Change in treasury stock .....		
40. Change in surplus notes .....		
41. Cumulative effect of changes in accounting principles .....		
42. Capital Changes:		
42.1 Paid in .....		
42.2 Transferred from surplus (Stock Dividend) .....		
42.3 Transferred to surplus .....		
43. Surplus adjustments:		
43.1 Paid in .....		
43.2 Transferred to capital (Stock Dividend) .....		
43.3 Transferred from capital .....		
44. Dividends to stockholders .....		(4,000,000)
45. Aggregate write-ins for gains or (losses) in surplus .....		
46. Net change in capital & surplus (Lines 32 to 45) .....	215,337	(2,192,121)
47. Capital and surplus end of reporting period (Line 31 plus 46)	7,695,945	7,480,608
DETAILS OF WRITE-INS		
4501. ....		
4502. ....		
4503. ....		
4598. Summary of remaining write-ins for Line 45 from overflow page .....		
4599. Totals (Lines 4501 thru 4503 plus 4598) (Line 45 above)		

STATEMENT AS OF MARCH 31, 2002 OF THE CAPE HEALTH PLAN, INC.

CASH FLOW

	1 Current Year to Date	2 Prior Year
<b>Cash from Operations</b>		
1. Premiums and revenues collected net of reinsurance .....	23,152,889	88,118,476
2. Claims and claims adjustment expenses .....	20,780,908	75,205,985
3. General administrative expenses paid .....	2,581,740	11,108,761
4. Other underwriting income (expenses) .....		
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4) .....	(209,759)	1,803,730
6. Net investment income .....	98,430	888,375
7. Other income (expenses) .....	13,894	(5,390)
8. Federal and foreign income taxes (paid) recovered .....	(215,603)	(1,198,885)
9. Net cash from operations (Lines 5 to 8) .....	(313,038)	1,487,830
<b>Cash from Investments</b>		
10. Proceeds from investments sold, matured or repaid:		
10.1 Bonds .....	295,000	300,533
10.2 Stocks .....		
10.3 Mortgage loans .....		
10.4 Real estate .....		
10.5 Other invested assets .....		
10.6 Net gains or (losses) on cash and short-term investments .....		
10.7 Miscellaneous proceeds .....		
10.8 Total investment proceeds (Lines 10.1 to 10.7) .....	295,000	300,533
11. Cost of investments acquired (long-term only):		
11.1 Bonds .....	110,000	789,000
11.2 Stocks .....		
11.3 Mortgage loans .....		
11.4 Real estate .....		
11.5 Other invested assets .....		
11.6 Miscellaneous applications .....		
11.7 Total investments acquired (Lines 11.1 to 11.6) .....	110,000	789,000
12. Net Cash from investments (Line 10.8 minus Line 11.7) .....	185,000	(488,467)
<b>Cash from Financing and Miscellaneous Sources</b>		
13. Cash provided:		
13.1 Surplus notes, capital and surplus paid in .....		
13.2 Net transfers from affiliates .....		
13.3 Borrowed funds received .....		
13.4 Other cash provided .....	806,997	144,274
13.5 Total (Lines 13.1 to 13.4) .....	806,997	144,274
14. Cash applied:		
14.1 Dividends to stockholders paid .....		4,000,000
14.2 Net transfers to affiliates .....		
14.3 Borrowed funds repaid .....		
14.4 Other applications .....	426,989	1,102,131
14.5 Total (Lines 14.1 to 14.4) .....	426,989	5,102,131
15. Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5) .....	380,008	(4,957,857)
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>		
16. Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15) .....	251,970	(3,958,494)
17. Cash and short-term investments:		
17.1 Beginning of period .....	19,540,349	23,498,843
17.2 End of period (Line 16 plus Line 17.1) .....	19,792,319	19,540,349

STATEMENT AS OF MARCH 31, 2002 OF THE CAPE HEALTH PLAN, INC.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1  Total	Comprehensive (Hospital & Medical)		4  Medicare Supplement	5  Vision Only	6  Dental Only	7  Federal Employees Health Benefit Plan	8  Title XVIII Medicare	9  Title XIX Medicaid	10  Other
		2  Individual	3  Group							
Total Members at end of:										
1. Prior Year .....	43,768								43,768	
2 First Quarter .....	45,039								45,039	
3 Second Quarter .....										
4. Third Quarter .....										
5. Current Year										
6 Current Year Member Months	134,218								134,218	
Total Member Ambulatory Encounters for Period:										
7. Physician .....	7,174								7,174	
8. Non-Physician .....	2,317								2,317	
9. Total	9,491								9,491	
10. Hospital Patient Days Incurred	1,327								1,327	
11. Number of Inpatient Admissions	5,656								5,656	
12. Premiums Collected .....	23,177,110								23,177,110	
13. Premiums Earned	23,177,110								23,177,110	
14. Amount Paid for Provision of Health Care Services .....	8,421,414								8,421,414	
15. Amount Incurred for Provision of Health Care Services	11,034,654								11,034,654	

### CLAIMS PAYABLE (Reported and Unreported)

[illegible]

UNDERWRITING AND INVESTMENT EXHIBIT  
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5  Claims Incurred in Prior Years (Columns 1 + 3)	6  Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1  On Claims Incurred Prior to January 1 of Current Year	2  On Claims Incurred During the Year	3  On Claims Unpaid Dec. 31 of Prior Year	4  On Claims Incurred During the Year		
1. Comprehensive (Hospital & Medical) .....						
2. Medicare Supplement .....						
3. Dental Only.....						
4. Vision Only.....						
5. Federal Employees Health Benefits Plan Premiums .....						
6. Title XVIII - Medicare .....						
7. Title XIX - Medicaid.....	11,021,190	1,789,192	1,059,018	11,034,654	12,080,208	12,080,208
8. Other .....						
9. Subtotal .....	11,021,190	1,789,192	1,059,018	11,034,654	12,080,208	12,080,208
10. Medical incentive pools, accruals and disbursements .....	149,130	0	347,239	150,000	496,369	496,369
11. Totals	11,170,320	1,789,192	1,406,257	11,184,654	12,576,577	12,576,577

## NOTES TO FINANCIAL STATEMENTS

These statements have not been completed in accordance with the NAIC Accounting Practices and Procedures Manual. The Commissioner of the State of Michigan Office of Financial and Insurance Services issued the following notification regarding reporting:

"By Order 00-086-M dated November 15, 2000, the Commissioner adopted the NAIC Accounting Practices and Procedures Manual effective January 1, 2001, including appendices A - F and excluding Actuarial Guideline XXXV in Appendix C. This order applies to fire and casualty insurers, life, accident, and health insurers, non-U.S. insurers, title insurers and fraternal benefit societies. For health maintenance organizations and alternative financing and delivery systems and dental service corporations, the Commissioner has delayed adoption of the NAIC Accounting Practices and Procedures Manual with an effective date of January 1, 2002. These entities will continue to follow previous statutory accounting practices and procedures until the Commissioner officially adopts the new manual for these entities."

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 1 - COMMON INTERROGATORIES  
GENERAL

1.1 Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements? ..... Yes [ ] No [X]

1.2 If yes, explain: .....  
.....

2.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes [ ] No [X]

2.2 If yes, has the report been filed with the domiciliary state? ..... Yes [ ] No [ ]

3.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [X]

3.2 If yes, date of change: .....  
If not previously filed, furnish herewith a certified copy of the instrument as amended.

4. Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes [ ] No [X]  
If yes, attach an organizational chart.

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [X]

5.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....	.....	.....
.....	.....	.....
.....	.....	.....

6. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? ..... Yes [ ] No [ ] NA [X]  
If yes, attach an explanation.

7.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .... 12/31/1999

7.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .... 12/31/1999

7.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). .... 12/31/1999

7.4 By what department or departments?  
OFFICE OF FINANCIAL AND INSURANCE SERVICES, STATE OF MICHIGAN.....

8.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) ..... Yes [ ] No [X]

8.2 If yes, give full information: .....  
.....

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

INVESTMENT

9.1 Has there been any change in the reporting entity's own preferred or common stock? ..... Yes [ ] No [X]

9.2 If yes, explain:  
.....

10.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) ..... Yes [ ] No [X]

10.2 If yes, give full and complete information relating thereto:  
.....

11. Amount of real estate and mortgages held in other invested assets in Schedule BA: .....\$ .....0

12. Amount of real estate and mortgages held in short-term investments: .....\$ .....0

13.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? ..... Yes [ ] No [X]

13.2 If yes, please complete the following:

	1 Prior Year-End Statement Value	2 Current Quarter Statement Value
13.21 Bonds .....	\$ .....	\$ .....
13.22 Preferred Stock .....	\$ .....	\$ .....
13.23 Common Stock .....	\$ .....	\$ .....
13.24 Short-term Investments .....	\$ .....	\$ .....
13.25 Mortgages, Loans or Real Estate .....	\$ .....	\$ .....
13.26 All Other .....	\$ .....	\$ .....
13.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 13.21 to 13.26).....	\$ .....	\$ .....
13.28 Total Investment in Parent included in Lines 13.21 to 13.26 above .....	\$ .....	\$ .....
13.29 Receivable from Parent not included in Lines 13.21 to 13.26 above .....	\$ .....	\$ .....

14.1 Does the reporting entity have any hedging transactions reported on Schedule DB? ..... Yes [ ] No [X]

14.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [X]

If no, attach a description with this statement.

15. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? ..... Yes [ ] No [X]

15.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address

15.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
Merrill Lynch.....	West Bloomfield.....	STOCK.....

15.3 Have there been any changes, including name changes in the custodian(s) identified in 15.1 during the current year? ..... Yes [ ] No [X]

15.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

15.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address

SCHEDULE A - VERIFICATION

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value, beginning of period .....				
2. Increase (decrease) by adjustment .....				
3. Cost of acquired .....				
4. Cost of additions to and permanent improvements .....				
5. Total profit (loss) on sales .....				
6. Increase (decrease) by foreign exchange adjustment .....				
7. Amount received on sales .....				
8. Book/adjusted carrying value at end of current period .....				
9. Total valuation allowance .....				
10. Subtotal (Lines 8 plus 9) .....				
11. Total nonadmitted amounts .....				
12. Statement value, current period (Page 2, real estate lines, current period)				

SCHEDULE B - VERIFICATION

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/recorded investment excluding accrued interest on mortgages owned, beginning of period .....				
2. Amount loaned during period:				
2.1. Actual cost at time of acquisitions .....				
2.2. Additional investment made after acquisitions .....				
3. Accrual of discount and mortgage interest points and committment fees.....				
4. Increase (decrease) by adjustment .....				
5. Total profit (loss) on sale .....				
6. Amounts paid on account or in full during the period .....				
7. Amortization of premium .....				
8. Increase (decrease) by foreign exchange adjustment.....				
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period .....				
10. Total valuation allowance .....				
11. Subtotal (Lines 9 plus 10) .....				
12. Total nonadmitted amounts .....				
13. Statement value of mortgages owned at end of current period				

SCHEDULE BA - VERIFICATION

Other Invested Assets Included in Schedule BA

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, beginning of period .....				
2. Cost of acquisitions during period:				
2.1. Actual cost at time of acquisitions .....				
2.2. Additional investment made after acquisitions .....				
3. Accrual of discount .....				
4. Increase (decrease) by adjustment .....				
5. Total profit (loss) on sale .....				
6. Amounts paid on account or in full during the period .....				
7. Amortization of premium .....				
8. Increase (decrease) by foreign exchange adjustment.....				
9. Book/adjusted carrying value of long-term invested assets at end of current period .....				
10. Total valuation allowance .....				
11. Subtotal (Lines 9 plus 10) .....				
12. Total nonadmitted amounts .....				
13. Statement value of long-term invested assets at end of current period				

STATEMENT AS OF MARCH 31, 2002 OF THE CAPE HEALTH PLAN, INC.

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Statement Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Statement Value End of First Quarter	6 Statement Value End of Second Quarter	7 Statement Value End of Third Quarter	8 Statement Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 .....	1,189,000	110,000	295,000		1,004,000			1,189,000
2. Class 2 .....								
3. Class 3 .....								
4. Class 4 .....								
5. Class 5 .....								
6. Class 6 .....								
7. Total Bonds	1,189,000	110,000	295,000		1,004,000			1,189,000
<b>PREFERRED STOCK</b>								
8. Class 1 .....								
9. Class 2 .....								
10. Class 3 .....								
11. Class 4 .....								
12. Class 5 .....								
13. Class 6 .....								
14. Total Preferred Stock								
15. Total Bonds and Preferred Stock	1,189,000	110,000	295,000		1,004,000			1,189,000

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter					
	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Amount of Interest Received Current Quarter	Paid for Accrued Interest
8099999 Totals		XXX			

SCHEDULE DA - PART 2- Verification

Short-Term Investments Owned				
	1	2	3	4
	First Quarter Current Year	Second Quarter Current Year	Third Quarter Current Year	Prior Year Ended December 31
1. Book/adjusted carrying value, beginning of period .....				
2. Cost of short-term investments acquired .....				
3. Increase (decrease) by adjustment .....				
4. Increase (decrease) by foreign exchange adjustment .....				
5. Total profit (loss) on disposal of short-term investments .....				
6. Consideration received on disposal of short-term investments .....				
7. Book/adjusted carrying value, current period .....				
8. Total valuation allowance .....				
9. Subtotal (Lines 7 plus 8) .....				
10. Total nonadmitted amounts .....				
11. Statement value (Lines 9 minus 10) .....				
12. Income collected during period .....				
13. Income earned during period				

**STATEMENT AS OF MARCH 31, 2002 OF THE CAPE HEALTH PLAN, INC.**

## SCHEDULE DB - PART F- SECTION 1

### Summary of Replicated (Synthetic) Assets Open

[illegible]

SCHEDULE DB - PART F - SECTION 2

	Reconciliation of Replicated (Synthetic) Assets Open									
	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year-to-Date	
	1	2	3	4	5	6	7	8	9	10
	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value
1. Beginning Inventory .....										
2. Add: Opened or Acquired Transactions .....										
3. Add: Increases in Replicated Asset Statement Value .....	XXX		XXX		XXX		XXX		XXX	
4. Less: Closed or Disposed of Transactions .....										
5. Less: Positions Disposed of for Failing Effectiveness Criteria .....										
6. Less: Decreases in Replicated (Synthetic) Asset Statement Value	XXX		XXX		XXX		XXX		XXX	
7. Ending Inventory										

**STATEMENT AS OF MARCH 31, 2002 OF THE CAPE HEALTH PLAN, INC.**

## SCHEDULE S—CEDED REINSURANCE

Showing all new reinsurers - Current Year to Date

[illegible]

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1	2	Direct Business Only Year-to-Date			
				3	4	5	6
States, Etc.		Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premium
1. Alabama .....	AL	No	No				
2. Alaska .....	AK	No	No				
3. Arizona .....	AZ	No	No				
4. Arkansas .....	AR	No	No				
5. California .....	CA	No	No				
6. Colorado .....	CO	No	No				
7. Connecticut .....	CT	No	No				
8. Delaware .....	DE	No	No				
9. District of Columbia .....	DC	No	No				
10. Florida .....	FL	No	No				
11. Georgia .....	GA	No	No				
12. Hawaii .....	HI	No	No				
13. Idaho .....	ID	No	No				
14. Illinois .....	IL	No	No				
15. Indiana .....	IN	No	No				
16. Iowa .....	IA	No	No				
17. Kansas .....	KS	No	No				
18. Kentucky .....	KY	No	No				
19. Louisiana .....	LA	No	No				
20. Maine .....	ME	No	No				
21. Maryland .....	MD	No	No				
22. Massachusetts .....	MA	No	No				
23. Michigan .....	MI	No	Yes			23,177,110	
24. Minnesota .....	MN	No	No				
25. Mississippi .....	MS	No	No				
26. Missouri .....	MO	No	No				
27. Montana .....	MT	No	No				
28. Nebraska .....	NE	No	No				
29. Nevada .....	NV	No	No				
30. New Hampshire .....	NH	No	No				
31. New Jersey .....	NJ	No	No				
32. New Mexico .....	NM	No	No				
33. New York .....	NY	No	No				
34. North Carolina .....	NC	No	No				
35. North Dakota .....	ND	No	No				
36. Ohio .....	OH	No	No				
37. Oklahoma .....	OK	No	No				
38. Oregon .....	OR	No	No				
39. Pennsylvania .....	PA	No	No				
40. Rhode Island .....	RI	No	No				
41. South Carolina .....	SC	No	No				
42. South Dakota .....	SD	No	No				
43. Tennessee .....	TN	No	No				
44. Texas .....	TX	No	No				
45. Utah .....	UT	No	No				
46. Vermont .....	VT	No	No				
47. Virginia .....	VA	No	No				
48. Washington .....	WA	No	No				
49. West Virginia .....	WV	No	No				
50. Wisconsin .....	WI	No	No				
51. Wyoming .....	WY	No	No				
52. American Samoa .....	AS	No	No				
53. Guam .....	GU	No	No				
54. Puerto Rico .....	PR	No	No				
55. U.S. Virgin Islands .....	VI	No	No				
56. Canada .....	CN	No					
57. Aggregate Other Alien .....	OT	XXX	XXX				
58. Total (Direct Business)		XXX	(a) 1			23,177,110	
DETAILS OF WRITE-INS							
5701. ....							
5702. ....							
5703. ....							
5798. Summary of remaining write-ins for Line 57 from overflow page .....							
5799. Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)							

(a) Insert the number of yes responses except for Canada and Other Alien.

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**

HCLB, Inc.  
Holding Company  
Tax ID: 38-3535959

Subsidiaries:

CAPE health Plan, Inc.  
Licensed HMO - State of Michigan  
Tac Id - 38-2455176

Springwater Management, Inc.  
Tax ID: 38-3300867

Cape Management, Inc.  
Tax ID: 38-3511552

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing on "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory question.

RESPONSE

1. Will the SVO Compliance Certification be filed with this statement?

.....Yes.....

Explanation:

Bar Code:

OVERFLOW PAGE FOR WRITE-INS

MQ003 Additional Aggregate Lines for Page 03 Line 17.  
\*LIAB

1704.	Accrued Profit Sharing.....	45,000		45,000	166,263
1705.	Accrued 401K Match.....			0	2,559
1706.	Accrued Taxes.....			0	91,000
1797.	Summary of remaining write-ins for Line 17 from Page 03	45,000		45,000	259,822

**STATEMENT AS OF MARCH 31, 2002 OF THE CAPE HEALTH PLAN, INC.**

## SCHEDULE A - PART 2

**Showing all Real Estate ACQUIRED During the Current Quarter**

[illegible]

## SCHEDULE A - PART 3

**Showing all Real Estate SOLD during the Current Quarter, including Payments during the Final Year on "Sales under Contract"**

[illegible]

## EO2

## SCHEDULE B - PART 2

**Showing all Mortgage Loans SOLD, transferred or paid in full during the Current Quarter**

[illegible]

FeO<sub>3</sub>FeO<sub>3</sub>FeO<sub>3</sub>FeO<sub>3</sub>FeO<sub>3</sub>FeO<sub>3</sub>FeO<sub>3</sub>

## SCHEDULE D - PART 3

[illegible]

E04

## SCHEDULE D - PART 4

[illegible]

E05

## E06

## E06

E06

E06

## E06

E06

E06

## E07

## E07

E07

[illegible]

## E07

E07

[illegible]

**STATEMENT AS OF MARCH 31, 2002 OF THE CAPE HEALTH PLAN, INC.**

## SCHEDULE E - PART 1 - CASH

[illegible]